

MINUTES OF THE
MARICOPA ASSOCIATION OF GOVERNMENTS
REGIONAL COUNCIL EXECUTIVE COMMITTEE
JOINT MEETING WITH THE
REGIONAL COUNCIL TRANSPORTATION SUBCOMMITTEE CHAIR
PIMA ASSOCIATION OF GOVERNMENTS REGIONAL COUNCIL
STATE BOARD MEMBERS REPRESENTING MAG & PAG

October 25, 2000
Holiday Inn
Casa Grande, Arizona

MAG REGIONAL COUNCIL MEMBERS ATTENDING

Mayor Skip Rimsza, Phoenix, Chair, Regional Council and Executive Committee	Mayor Bill Arnold, Goodyear, Regional Council, Executive Committee and Transportation Subcommittee
Mayor John Keegan, Peoria, Vice Chair, Regional Council and Executive Committee	Mayor Keno Hawker, Mesa, Regional Council and Chair of Transportation Subcommittee
* Mayor Jay Tibshraeny, Chandler, Regional Council and Executive Committee	
Mayor Cynthia Dunham, Gilbert, Regional Council, Executive Committee and Transportation Subcommittee	

* Not present

PIMA ASSOCIATION OF GOVERNMENTS REPRESENTATIVES

Mayor Paul Loomis, Oro Valley	Mike Reuwsaat, Marana
Councilmember Louis Butler, Sahuarita	Martin Willett, Chief Deputy County Administrator
Mayor Robert Walkup, Tucson	
Katie Dusenberry, State Transportation Board	

* Not present

The meeting of the Regional Council Executive Committee was called to order by Chairman Skip Rimsza at 10:40 a.m. Chairman Rimsza welcomed representatives from the Pima Association of Governments and State Transportation Board. Self introductions followed.

1. Transportation Funding Allocations

James M. Bourey stated that since the fair share analysis was completed, some changes have occurred. He stated that an update would be provided on the allocations for the current year. Thomas L. Swanson stated that it is important to not lose sight that the allocation amount is 25 percent of the total. Chairman

Rimsza asked for clarification of the remaining 75 percent. Mr. Swanson replied that the remainder are Highway Users Revenue Funds (HURF) and other earmarked funds.

Eric Anderson provided an overview of transportation funding allocations. He stated that there are four major sources of revenue. Mr. Anderson explained that Arizona HURF funds, which totaled over \$1 billion last fiscal year, must be used for roadway and highway purposes. Federal Highway Trust funds are allocated through federal legislation, currently TEA-21. Federal Transit funds are to be used for capital, not operating, purposes. Local dedicated funding includes a ½ cent sales tax passed by voters in 1985 and expires in 2005. Mr. Anderson noted that this tax is expected to raise more than \$260 million this year. Chairman Rimsza requested that staff provide information on local sales tax funding and terms in other Arizona counties.

Mr. Anderson displayed a pie chart of HURF revenue comparing 1991 to 2000. He noted that the gas tax has decreased from approximately 44 percent in 1991 to 40 percent in 2000. Mr. Anderson stated that fuel and motor carrier taxes have declined, while vehicle license tax (VLT) revenue has increased. He explained that the VLT taxes continue to be the subject of initiatives to be reduced or eliminated. Mr. Anderson stated that the next slide showed HURF revenue comparing 2000 to 2009. He indicated that in 2009, the gas tax is projected to decrease to approximately 36 percent from 40 percent. VLT is expected to increase.

Mr. Anderson stated that the next pie chart showed that the MAG region accounts for 50.6 percent of HURF revenue paid in Arizona, more than \$550 million. He said that Pima County pays approximately 15.4 percent, or \$170 million. Mr. Anderson explained the analysis of the allocation of these funds back to Maricopa County. Last year, cities received about 37.4 percent. Mr. Anderson stated that by law, 12.6 percent of ADOT's allocation must be allocated back to MAG and PAG regions. Additionally, the State Transportation Board allocates 2.6 percent to MAG and PAG. Mr. Anderson explained how federal dollars paid by taxpayers in Maricopa return to the region.

Mr. Anderson stated that if HURF and federal dollars were combined to achieve a dollar for dollar return from the ADOT five year program to the MAG and PAG regions, 42 percent would be allocated to the MAG region, 16.7 percent to the PAG region, and 41.3 percent to the rest of the State. Mr. Anderson noted that the metro areas may need to be donor regions to maintain the statewide system. He stated that two years ago, the MAG region received only 10.5 percent of the program. This has risen to approximately 29 percent in the current program.

Mr. Anderson stated that the Resource Allocation Advisory Committee, or RAAC, was formed as a result of the Casa Grande Resolves. He stated that the RAAC has proposed funding that would result in the MAG region receiving 32.5 percent of the program and the PAG region receiving 11.1 percent. Chairman Rimsza thanked Mr. Anderson for his presentation and asked if there were any questions.

2. Funding Needs

Don Freeman, PAG staff, stated that the PAG Long Range Plan, using a minimum 20 year projection, was prepared in 1998 with a time horizon to 2020. He indicated that the Plan will be revised to 2025.

Mr. Freeman stated that historical activity is used for employment and population forecasts in the development of the plan. He displayed a slide that showed the relationship of growth and increase in vehicle miles traveled. Mr. Freeman displayed a graph that showed capital needs, operations and maintenance needs, resources and total needs. He noted that capital needs include meeting needs due to growth. Mr. Freeman noted that in 2025, operations and maintenance needs will surpass available revenue.

Mr. Freeman displayed a slide of projected new revenue to 2020, the transit sales tax, the indexed gas tax to 40 cents from the current 18 cents, and regional development impact fees to \$5,100 from \$2,500. Mr. Freeman stated that without new taxes, 58 percent of needs will be unfunded and with new revenue, 40 percent of needs will be unfunded. Mr. Freeman displayed a pie chart of the applications of funds. He pointed that 60 percent is allocated to roadway, 25 percent to transit, and two percent to pedestrian. Other categories include bike and aviation. Ms. Dusenberry asked for clarification if operations and maintenance were included. Mr. Freeman replied that they were included.

Chairman Rimsza asked if any new revenue streams had been approved. Mr. Freeman replied that some programs have been approved individually to establish impact fees. Mayor Hawker asked about county-wide impact fees. Mr. Swanson stated that they are not county-wide and are determined on an individual basis.

Chairman Rimsza requested that Eric Anderson discuss MAG funding needs. Mr. Anderson displayed a slide that showed funding needs for the Long Range Plan. He explained that funding totals \$14.1 billion, and an additional \$9.4 billion is needed for projects identified in the current plan. Mr. Anderson listed projects included in the Long Range Plan. He said that the completion of the regional freeway system has its own funding source. Other projects include SR 85 improvements, I-17 widening, collector/distributor system on I-10, the 39 mile light rail system, tripling Dial-a-Ride, quadrupling express bus service, HOV lanes on I-17, US 60 and SR 51, a 50 percent increase in arterial street miles, widening of I-10 south and I-17 north, and Grand Avenue. Mr. Anderson stated that full system HOV implementation, I-10 west improvements, completion of Loop 303 to I-17, Wickenburg Bypass, further expansion of light rail and rapid bus, regional freeway system improvements, and full implementation of freeway management system are not included in the current plan.

Chairman Rimsza asked if fiber optics installation in infrastructure had been discussed. Mr. Anderson replied that new construction includes conduit for fiber optics. Mary Peters stated that fiber optics are a part of the Freeway Management System. She explained that fiber optics are a good opportunity to spread out employment centers. Chairman Rimsza asked about retrofitting existing systems with fiber optics. Mr. Bourey stated that the recently drafted Intelligent Transportation Systems Strategic Plan envisions retrofitting. He noted that retrofitting could be programmed within the next few years.

Chairman Rimsza asked about expenses covered by developers for on and off ramps. Mr. Anderson replied that the Anthem interchange was funded by the Del Webb Corporation. He noted that they will also fund the Daisy Mountain interchange. Mr. Anderson commented on the importance of addressing freeway mainline capacity when new interchanges are added.

Ms. Dusenberry asked for clarification of time horizon for the current and new Regional Transportation Plans. Mr. Anderson replied that the current Plan covers 2001-2020. The new Plan would require a 20-year time horizon, but needs for a 30- to 50-year time frame will be considered. Mr. Anderson explained that the current plan was based on a study drafted in the late 1950s by Wilbur Smith and Associates. This study provided a plan for the freeway system and is expected to be completed in seven years. Mr. Anderson noted that there is more uncertainty the further out projections are made.

Mayor Walkup commented on the importance of fiber optics in implementing traffic management systems and further benefits for additional capacity for other uses. He asked if the use of fiber optics in monitoring pollution had been discussed. Ms. Peters replied that had not been discussed specifically, and acknowledged the merit of the concept. Mr. Swanson stated that fiber optics were included on I-10 frontage roads when they were widened.. He mentioned incorporating public safety enhancements. Mr. Swanson commented that Tucson has been extensively wired.

Councilmember Butler asked about funding for interchanges by joint ventures or developers. Mr. Anderson stated that ADOT now considers requests on a case-by-case basis. Developers pay the cost of the interchange but do not pay for mainline improvements. Chairman Rimsza commented that Anthem is proceeding because the developers wanted to put a large block of acreage into use. He noted that funding construction is a challenge. Immediate benefits are not received because of the impact fee structure. Councilmember Butler stated that a system is needed that will provide equitable shares.

Ms. Peters addressed revenue sources. She commented that the current reliance on gas taxes needs to be lessened. Ms. Peters said that the HURF revenue includes a hold harmless general fund appropriation to offset the loss due to the VLT tax reductions. She stated that with the alternative fuel problem, the legislature may not follow through on this. Ms. Peters addressed the issue of safety funding. She stated that it is important to have enforcement funded by general funds and not highway funds. Ms. Peters commented on growth impacting operating expenses. She noted that ADOT strives to contain costs. Ms. Peters stated that examination of the dependence on the fuel tax is needed in regard to long term future funding. Ms. Peters stated that shifts in employment centers spreads transportation demands and needs to be considered. She commented that technology could present an opportunity to better utilize arterial streets.

Mike Reuwsaat commented that the Town of Marana was considering impact fees. He said that a three percent tax was applied to new home sales and construction sales. Councilmember Butler commented that impact fees are indigenous to the area where they are collected, but sales tax goes into the general fund and can be used for improvements anywhere in the city.

3. Additional Funding

Mr. Anderson displayed a slide that showed that gas tax would have to be raised to 31 cents per gallon in Arizona and 39 cents in Maricopa County, to generate the average annual amount raised by the ½ cent sales tax. He noted that gas tax is currently about 18 cents per gallon.

Chairman Rimsza stated that the Governor is concerned with transportation funding challenges. These challenges cannot be solved with gas tax or impact fees because the scale is so large. Chairman Rimsza stated that he advocated laying the foundation for supporting a ½ cent sales tax election in 2002. He stated that revenue from this tax could be allocated half to transit and half to roadway. Chairman Rimsza noted that the State's residents will benefit. Chairman Rimsza stressed the importance of relaying specific details about what the tax will provide. He stated that the Phoenix transit tax election won by a large margin, due in part to detailed information that was provided to voters.

Chairman Rimsza handed around an example of the ballot used in the Phoenix transit election that showed both a map of the light rail alignment and the time frame. He indicated that showing these specific details on the ballot greatly assisted in the election prevailing. Chairman Rimsza stated that a firm could be hired to do a cash flow analysis. He indicated that the inability to reallocate money as situations change could be a disadvantage. Chairman Rimsza stated that it is critical for all communities to begin discussions to determine needs. He explained that some cities, such as Phoenix, Scottsdale and Tempe, basically have their roadway systems in place and could require more bus and light rail. Other cities in more outlying areas, might need roadway improvements and basic bus service to get to light rail stations. Chairman Rimsza noted that many smaller communities may require transit service for their aging residents. Dial-a-Ride is expensive. Chairman Rimsza noted that this tax would not be an increase to Maricopa County voters if it begins when the current tax ends in 2005. He stated that those outside Maricopa County would benefit because they share in the revenue generated by Maricopa County. Chairman Rimsza noted the importance of beginning dialogue now because there is much work to be done. He stated that the discussion of the foundation is important.

Chairman Rimsza stated that he discussed unfunded alignments of the light rail system with Valley CEOs. They indicated their support for a tax proposal on a statewide basis. Chairman Rimsza mentioned that the business community wants very specific plans.

Chairman Rimsza stated that lessons have been learned from previous election losses. He indicated that placing the tax proposal on the 2002 ballot could allow for another election prior to 2005 in the event the 2002 election is lost.

Mayor Walkup indicated that PAG is prepared to consider this opportunity. He commented on two previous elections that were defeated. Mayor Walkup stated that this tax could be a good source of funding. He indicated that PAG would agree to join in examining the possibilities.

Ms. Dusenberry expressed the Board's concern with funding shortfall. She indicated that the Board would welcome discussion of alternative funding sources.

Ms. Peters stated that the Governor's Transportation Vision 21 Task Force has examined needs throughout Arizona and revenue sources available. She commented that a needs analysis would be an integral part. Ms. Peters commented on linking the Task Force report to the plan. Ms. Peters stated that the recommendations of the Task Force are anticipated in spring 2001, followed by legislative action.

Chairman Rimsza emphasized the importance of getting all on board. Chairman Rimsza noted that the potential for more freeways is maxed out and central cities need transit. Ms. Peters stated that the RAAC recommendations showed a shift from rural to a more equitable distribution of funds. She stated the importance of developing dialogue.

Mayor Hawker commented on statewide impact fees for transportation. Ms. Dusenberry commented on the unpopularity of impact fees. Mayor Hawker suggested using references to court cases could be made to justify regional or statewide impact fees.

Mayor Keegan stated that results of huge issues, such as Propositions 202 and 301 and the alternative fuel vehicles, should be known by the end of the year. He applauded Chairman Rimsza for bringing the tax proposition to attention. Mayor Keegan commented that much effort will be needed to gain approval from the Legislature.

Mayor Arnold stated that the population of Goodyear is forecast to be more than 100,000 in ten years. The increased population will be a driving force. Mayor Arnold stated that dialogue is needed now to put the plan into motion.

Mayor Dunham stated her total support of the extension of the sales tax. However, as she mentioned in previous meetings, she was still considering the highway/transit mix. Mayor Dunham expressed concern whether data would be available in time to mount the campaign. Mr. Bourey stated that after discussion at a Transportation Subcommittee meeting, a work schedule was drafted to have the product completed for election time. He said this will be a major effort that needs to be done.

Mr. Reuwsaat stated that it is important for PAG to examine this issue. Chairman Rimsza noted that sales tax revenue would come in from a large base, whereas impact fees could take longer to accumulate. Councilmember Butler stated that he would appreciate continuing discussion. He expressed that it could be difficult to begin discussions about a new tax in his area, because of the two recent tax elections.

Chairman Rimsza asked Ms. Dusenberry for the State Board's position. Ms. Dusenberry replied that a Casa Grande Resolves type of meeting would be appropriate. Mr. Bourey stated that the Executive Directors of Regional Councils and Metropolitan Planning Organizations meet regularly. He stated that the next meeting is scheduled in six weeks and he would suggest adding elected officials for dialogue. Ms. Dusenberry noted her agreement with the involvement of elected officials.

Mayor Keegan noted that development of a talking paper approximately the beginning of the year, after the major issues are settled, would be worthwhile. Chairman Rimsza stated that after the elected officials and Executive Director discussions, the foundation could be laid by community meetings of Mayor and Councilmembers. Mr. Bourey commented on a six month time frame. Chairman Rimsza noted that this could work if foundation work is done first in the communities.

Mayor Hawker expressed that care needs to be exercised in how improvements are conveyed to communities. Mr. Bourey stated that he and Mr. Swanson would be responsible for communicating and coordinating the meetings. Mayor Walkup stated that the meeting could be held in Tucson in May with

elected officials from Metropolitan Planning Organizations and Councils of Governments throughout the state, after meetings have been held with Chambers and Councils.

4. Governor's Transportation Vision 21 Task Force

Mr. Bourey introduced Alan Maguire, who gave an update on the latest activities of the Task Force. Mr. Maguire reviewed the Task Force process. He stated that the Task Force membership was determined through a statewide selection process and includes mostly representatives from the business community. No elected officials serve on the Task Force. The Task Force is divided into three committees: Needs, Resources and Revenues; Planning and Programming, and Governance. Mr. Maguire noted that the recommendations of the Task Force are tentative at this time.

Mr. Maguire stated that the Needs, Resources and Revenues Committee have studied the quantity of statewide multi-modal needs and how to develop a fiscally balanced plan.

Mr. Maguire stated that the Planning and Programming Subcommittee placed an emphasis on performance based processes used in transportation planning. Through data collection and reporting, information from regions were compared to each other.

Mr. Maguire stated that the Governance Committee faced a difficult task to clarify the relationship between the design, development and construction of projects. The Committee determined that accountability needs to be increased.

Mr. Maguire stated that an increased emphasis of regional priorities and locally generated funds need to be reflected through the system. He stated the anticipated next steps of the Task Force. The final recommendations released in December, public meetings held in January and February, and adoption in April 2001.

Chairman Rimsza commented that the ballot needs to be specific to minimize concern for governing authority. Ms. Peters commented on linking efforts from the MAG/PAG meeting to the Task Force. She indicated that the best opportunity for success would be to link plans.

Chairman Rimsza noted that no one had further questions. Mr. Bourey expressed his thanks to all for attending. He stated that two presentations for information would be given during lunch. Mayor Walkup stated that it was an inspiration to attend the meeting today. He expressed his satisfaction in the outcome of meeting.

There being no further business, the meeting was adjourned at 12:25 p.m.

Chairman

Secretary